

ASX: A2B

16 February 2024

## A2B delivers on strategy

### Key 1H24 results highlights (vs 1H23):

- **Financial performance**
  - Revenue up 12.5% to \$81.3 million
  - Statutory net profit after tax (NPAT) of \$51.1 million
  - Underlying EBITDA up 48.4% to \$13.8 million
- Total fleet size of 7,905 at 31 December 2023, +102 cars (up 1.3%) vs 30 June 2023
- Total fares processed down 3.4% to \$433.3 million
- Completed sale of A2B's two remaining properties in Alexandria (Sydney) and Oakleigh (Melbourne) for a combined \$86 million
- \$82.3 million net cash at 31 December 2023, supported \$0.60 per share fully franked dividend payment on 30 January 2024
- Entered into a Scheme Implementation Arrangement with leading transport company, ComfortDelGro Corporation Australia Pty Ltd ("CDC"), to acquire 100% of A2B shares that it does not already own
- Reaffirmed guidance for an underlying EBITDA of \$22 million in FY24

A2B Australia Limited (ASX: A2B) is pleased to announce its results for the six months ended 31 December 2023 (1H24). Over this period, the Company has improved its underlying business, successfully sold its two remaining properties to simplify its operational and capital structure, delivered a special dividend to shareholders, and reaffirmed its FY24 guidance. The Scheme Implementation Arrangement entered into with leading transport provider, CDC, represented the culmination of A2B's "Better Before Bigger" turnaround strategy.

### Commenting on the Company's 1H24 results, A2B Executive Chairman Mark Bayliss said:

"The A2B team strengthened the business despite extremely difficult conditions over the past few years. We continued to grow A2B's fleet across our well known 13cabs and Silver Service brands, with fares rising toward pre-pandemic levels, even with some softening in total fares.

We enhanced the core of A2B through increasing fleet numbers, increasing fares, reinvesting in the business, and selling our remaining two properties. We also delivered increased shareholder value through a \$0.60 per share fully franked dividend that exceeded previous guidance.

At the end of 2023, transport company CDC recognised the potential of A2B and entered a Scheme Implementation Arrangement to purchase all remaining A2B shares it does not already own. CDC has been a major provider of personal transport in Australia since 2005, and its experience, knowledge, and history will make for an ideal pairing in securing A2B's future."

### Financial performance across key metrics

Financial performance	1H24 \$m	1H23 \$m	Change \$m	Change %
Revenue	81.3	72.3	9.0	+12.5%
Statutory EBITDA	77.9	9.8	68.2	n/m
Statutory NPAT	51.1	3.7	47.3	n/m
Underlying EBITDA	13.8	9.3	4.5	+48.4%
Underlying NPAT	5.8	4.1	1.7	+41.4%

Revenue grew 12.5% to \$81.3 million, excluding the impact of one-off benefits from property transactions and licence plate compensation<sup>1</sup>. The increase in revenue was mostly due to the growth in total fleet size, up 102 cars to 7,905, with A2B's combined signature brands, 13 cabs and Silver Service, growing 167 cars during the half year, while Champ branded vehicles reduced by 65 cars.

Although the supply side of the business continued to grow, A2B's total fares of \$433.3 million softened (as foreshadowed last year) given weaker economic conditions putting pressure on consumer spend, while being partially alleviated by a strong recovery in the corporate sector.

The transition of in-vehicle technology due to the upcoming closure of the 3G network, and an increase in marketing and advertising spend, led to expenses rising by 7.0%. This increase was partly offset by a decrease in employee expenses from A2B's cost restructuring to streamline the business. As previously disclosed, 2H24 will include an additional rent expense of \$2.5 million related to new lease agreements for the Alexandria, NSW and Oakleigh, VIC premises post their recent sales.

Underlying net profit after tax increased to \$5.8 million, reflecting the benefits of A2B's turnaround strategy.

### **Growing shareholder value**

A2B generated increased positive free cash flow in the business, while also completing the sale of its two remaining properties. A2B has reinvested some of the funds into the business for working capital purposes and to pay down debt.

Following the \$78 million settlement of the O'Riordan Street property in Alexandria, NSW, and the Oakleigh VIC settlement of \$8 million, on 22 December 2023, A2B declared a fully franked special dividend of \$0.60 per share (paid 30 January 2024), exceeding the Company's previous guidance. Shareholders who fully utilise their franking credits tied to this dividend will receive up to an additional \$0.25 value per share.

### **Scheme Implementation Arrangement with CDC**

As announced on 22 December 2023, A2B entered into a binding Scheme Implementation Arrangement with CDC. CDC currently owns 9.44% of A2B's shares on an undiluted basis and the Scheme proposes that CDC purchase all remaining shares in A2B for an offer price of \$1.45 per share, valuing A2B's total issued equity at \$182 million.

A2B's Board believes this proposed transaction is a compelling offer for A2B shareholders. Having carefully considered the Scheme, each member of the A2B Board considers that the Scheme is in the best interests of A2B shareholders and recommends that A2B shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to an Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of A2B shareholders.

The Scheme is on track with a draft Scheme Booklet and Independent Expert's Report submitted to the Australian Securities and Investments Commission (ASIC), and the first Court hearing scheduled for 21 February 2024. A2B is expected to dispatch its Scheme Booklet to shareholders on 23 February 2024 for their consideration, with a Scheme meeting to be held in late March 2024. The transaction is scheduled to be completed in April 2024.

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<sup>1</sup> One-off benefits from property transactions and licence plate compensation amounted to \$63.2 million in 1H24.

Outlined below is an indicative timetable for the Scheme:

First Court hearing	21 February 2024
Dispatch of Scheme Booklet	23 February 2024
Scheme meeting	Late March 2024
Second Court hearing	Late March 2024
Effective date	Early April 2024
Scheme record date	Early April 2024
Implementation date	Mid-April 2024

## Outlook

Commenting on the Company's outlook for FY24, Mr Bayliss said:

"A2B reaffirms its guidance for an underlying EBITDA of \$22 million in FY24. We have made significant progress across the business and our continuing investment in technology to modernise our fleet will improve both the driver and customer experience. As previously foreshadowed, we have seen pressure on fares as macroeconomic challenges remain that are causing people to save more and spend less. However, the near-term impacts of these recent trends are expected to be offset by the incremental earnings contribution from the strategic initiatives implemented which will benefit the business in the longer term."

## A briefing session for investors and analysts will be held at 10:30am AEDT today.

Participants can register for the briefing session via: <https://sl.c-conf.com/diamondpass/10036402-p8a64e.html>

Please note that registered participants will receive their dial in number upon registration.

- ENDS -

*Authorised for lodgement by the Board of Directors of A2B Australia Limited.*

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## About us

Operating since 1976, during the past 40+ years A2B has grown to become a leader in the personal transport sector. For further information, please visit: <https://www.a2baustralia.com/>.